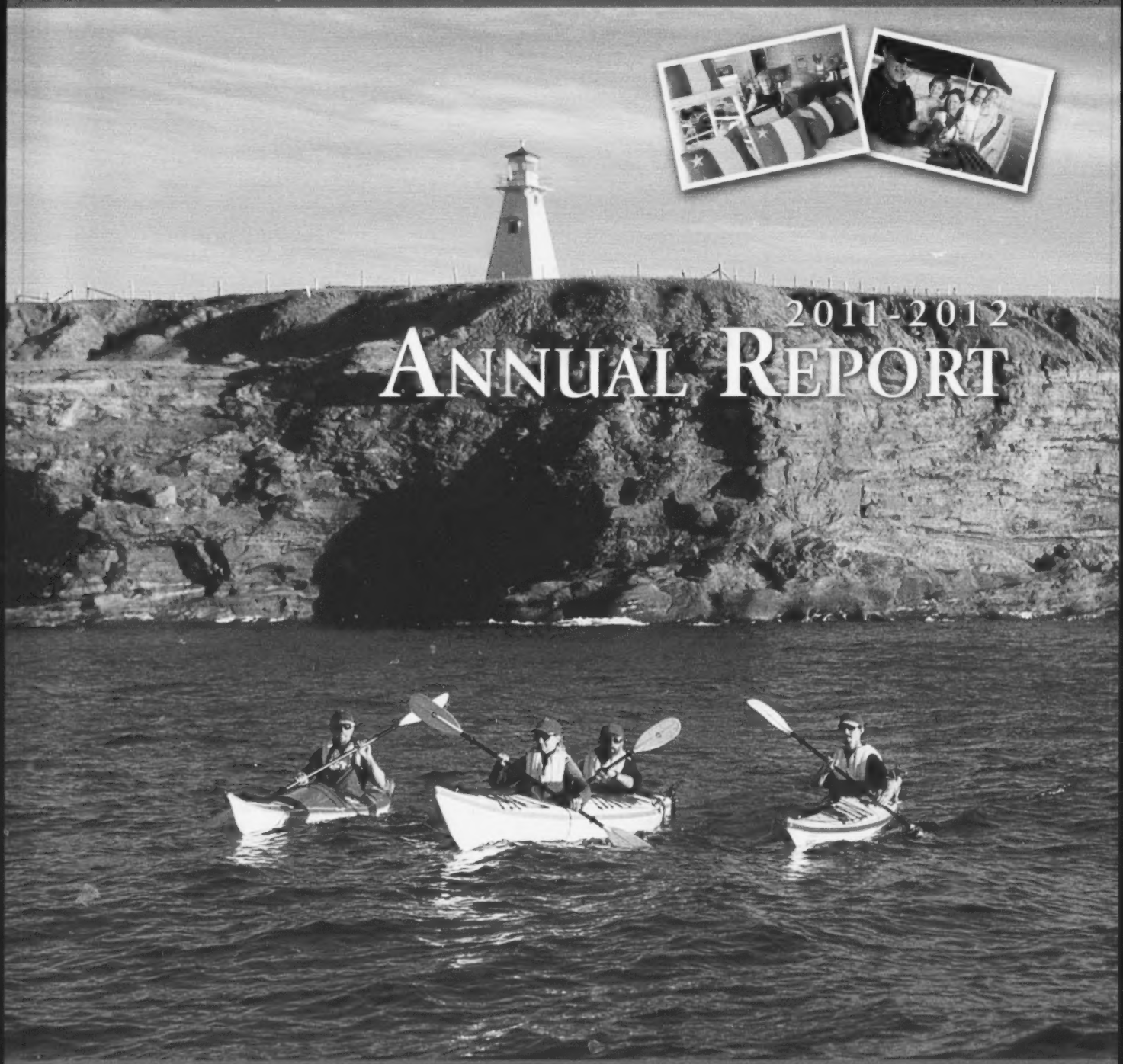
DEPARTMENT OF TOURISM AND CULTURE



2011-2012

ANNUAL REPORT

Prince Edward Island
CANADA

Tourism and Culture

Prince Edward Island
Department of Tourism and Culture

Annual Report
2011-2012

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Minister's Message

The Honourable H. Frank Lewis
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

I have the honour to submit herein the annual report for the activities of the Department of Tourism and Culture and Tourism PEI for the period April 1, 2011, to March 31, 2012.

The staff of the Department of Tourism and Culture and Tourism PEI work very hard to promote Prince Edward Island as a world class vacation destination by focusing on the beauty of the Island; the rolling green hills, the white sand beaches, and the scenic coastal vistas. The Department also focuses on our fine culinary offerings, our world class golf product and the friendly hospitality of our people as key demand generators for the industry.

The Department also remains committed to preserving the Island's unique history and culture through its support of cultural industries in the province, the public library system, and the public archives.

Respectfully submitted,

Robert Henderson
Minister of Tourism and Culture

Deputy Minister's Message

The Honourable Robert Henderson
Minister of Tourism and Culture
PO Box 2000
Charlottetown, PE C1A 7N8

Honourable Minister:

It is my pleasure to present the annual report for the Department of Tourism and Culture and Tourism PEI for the period of April 1, 2011, to March 31, 2012.

2011 was a year to remember for the tourism industry on Prince Edward Island. It started with the Royal Visit of the Duke and Duchess of Cambridge William and Kate. That visit brought thousands of people to the Island to catch a glimpse of the Royal Couple. The province also hosted East Coast Music Week as a lead up to the 2011 ECMA's. That event generated close to $2.5 million for the Island economy.

2011 also saw the formation of PEI 2014 Inc., an organization that will lead the upcoming celebrations to mark the 150th anniversary of the Charlottetown Conference of 1864.

2011 was also the second year for the One Book One Island promotion held by the Public Library Service. The promotion encourages Islanders to read a selected title during the fall and the 2011 title was Burma Chronicles by Guy Delisle. In 2011 the Public Library Service also launched **OverDrive** – an online, public library platform for lending eBooks, eAudio-books and other digital material.

The Department and Tourism PEI continue to work very hard at promoting PEI as a world class vacation destination and at preserving and sharing our unique culture.

Yours Truly,

David MacKenzie
Deputy Minister of Tourism and Culture

Departmental Overview

General administration consists of the Office of the Minister and Deputy Minister providing leadership, overall management, administration, and communication for the department.

The Culture and Heritage division provides leadership, programs and services to the residents of Prince Edward Island in the areas of recorded information management, historic preservation and documentation, and cultural development. The division also provides liaison between the Government of Prince Edward Island and organizations which are representative of these sectors.

The Provincial Libraries Division, also known as the Public Library Service (PLS), is responsible for the administration and operation of Prince Edward Island's province-wide public library system, and for the provision of technical services for the public schools of the province. Public library service on Prince Edward Island is a partnership between the provincial government and participating communities.

Tourism PEI Overview

Tourism PEI is a Crown Corporation established by an Act of the Provincial Legislature. Its original purpose was to have the power to hold shares of subsidiary companies, to be able to hold title to real property and to receive industry revenues, primarily from marketing initiatives. It has a Board of Directors that meets annually to appoint auditors, approve financial statements, and review operations. The Board is appointed at pleasure by Executive Council and during fiscal 2011-2012 was comprised of:

Minister Robert Henderson
Deputy Minister David MacKenzie
Jeanette Arsenault - Industry representative
Don Cudmore - Industry representative
Kevin Jenkins - Tourism PEI

The Corporate Services Division of Tourism PEI is responsible for general administration, financial services, human resources, records management, insurance matters, FOIPP, Provincial Parks and Provincial Golf Operations.

The Strategy, Evaluation and Industry Investment Division (SEII) is responsible for regional tourism development and investment, the development and implementation of industry support programs, managing the regulatory affairs pursuant to the *Tourism Industry Act* (license, occupancy report, water testing) and the *Highway Signage Act* (Tourism Directional Signage, Special Event Signage and On-Premise Signage). SEII is also the lead liaison on intergovernmental affairs including an advocacy role to represent the interests of the tourism industry in key policy areas such as improved air access, Atlantic Gateway Initiative, labour and immigration issues, and land use matters.

The Marketing Communications Division aggressively markets and promotes Prince Edward Island as a premier vacation destination and ensures quality services for the tourism industry of Prince Edward Island. The division also is responsible for customer service, retention and loyalty. Customer service centres include the provincially run Visitor Information and Call Centres. The division is also the lead for the implementation of the ITS (Integrated Tourism Solution Technology) and the Central Reservation System.

Tourism Industry Snapshot

There were 1,238,276 visitors to PEI in 2011. This is a 5.4 per cent decrease compared to 2010.

Overnight stays decreased by 1.6 per cent, to 787,710 overnight stays for 2011. Campground stays were down 3.5 per cent, while fixed roof room nights were down 5.9 per cent.

During 2011 airport traffic decreased by 1.5 per cent, ferry traffic decreased by 5.1per cent, and bridge traffic decreased by 6.7 per cent. Cruise ship passenger and crew visits also decreased by 2.5 per cent.

In addition, 58,280 English visitor information kits were mailed out, along with 12,010 French kits.

In 2011, meetings, conventions, and incentive travel (MCIT) made a significant impact on tourism in PEI. For the 2011-2012 fiscal year there were 179 meetings, bringing in 15,452 delegates. Meetings and Conventions sector injected $14.4million into our economy.

Prince Edward Island Tourism Advisory Council

The PEI Tourism Advisory Council (TAC) is an industry advisory board to the Minister of Tourism and Culture. TAC is made up of a board of 19 members, as well as ad-hoc task forces and committees struck from time to time to address particular issues or opportunities. At the council level, there are 14 industry stakeholders and five senior provincial and federal government members and staff involved in TAC. The council was originally appointed in December of 2004, as the result of a collaborative effort of industry, provincial and federal government leaders meeting to discuss challenges within the tourism industry in Prince Edward Island.

TAC's role is simple - to advise the Minister of Tourism and Culture on marketing, product development and research initiatives, with the sole outcome of increasing tourism revenues for the province. In March of 2011, the Tourism Advisory Council, along with the Department of Tourism & Culture, TIAPEI, ACOA and industry at large launched a new five year strategy for tourism – ***Strategy 2015: Momentum-Invention-Mobilization.*** This ambitious new vision was the result of several months of research, industry consultation and strategic planning. Over 150 tourism operators participated directly in the process through the various stages of the effort.

This process also further defined the roles of the partners. The Tourism Advisory Council leads the strategy development process and the Department of Tourism and Culture leads the annual plan. Both processes are undertaken in a collaborative environment through the Tourism Advisory Council which ensures federal, provincial and industry buy-in at both the strategic and tactical levels.

Strategy 2015 confirmed the integrated research, product development and marketing continuum approach to destination management but added the element of 'mitigated risk'. Reliable industry research informs innovative product and marketing decisions. The Strategy set a goal of $500 million in direct tourism revenue by 2015 and set out seven key objectives that included a focus on heightening PEI's overall tourism stature and industry's engagement, as well as an objective for each of the five key demand generators confirmed by the research: coastal, culinary, culture, golf and meetings and conventions.

During 2011, TAC worked with the Department to develop an annual plan for 2012 that would respond to the challenges set out in the strategy and advance the industry one step closer to the goal and to further the objectives. The annual plan was presented to industry in the fall of 2011 along with a framework for measuring progress on the Strategy. This evaluation framework was developed and implemented through the work of a TAC Strategy 2015 Evaluation and Engagement Task Force. The work was completed by the Tourism Research Centre at UPEI. The framework encompassed a series of research components that provide the performance indicators for an annual report. The first annual report was presented to industry in the spring of 2012 and forms the basis of measurement for all future years of the strategy.

The 2012 Annual Plan, entitled Sharpening the Approach, confirmed the directions of Strategy 2015 and offered a renewed commitment to invest in the key demand generators, as well as showcasing them prominently in the Department's marketing efforts. A sales

emphasis including online tools for industry and enhanced social media efforts defined some of the key tactics, as well as capitalizing on the success and media interest from the LIVE! With Regis and Kelly broadcasts in PEI. From a research perspective, the 2012 plan also committed to working with the Tourism Research Centre to conduct a new Exit Survey the following season to ensure timely and relevant visitor profile data to guide decision-making.

Tourism PEI Division Activities

Strategy, Evaluation, and Industry Investment

The Strategy, Evaluation and Industry Investment Division is responsible for tourism development and investment, the development and implementation of industry support programs, managing the regulatory affairs pursuant to the *Tourism Industry Act* and the *Highway Signage Act*.

The division works actively with the Tourism Advisory Council, The Tourism Industry Association of PEI (TIAPEI), Regional Tourism Associations and industry stakeholders in conducting research projects on consumer demand, quality assurance initiatives and new product development opportunities. The division also works with the Tourism Research Centre to increase the research capacity of the province and assist with the transfer of knowledge to industry partners.

Evaluation, Measurement and Business Intelligence Unit

This unit is responsible for the on-going monitoring of the department's objectives and strategies including: establishing corporate performance measurement tools; working with the department's senior management team to integrate performance management principles into program activity; and coordinating corporate performance activity. The unit has overall responsibility for overseeing the development of evaluation frameworks and the identification of evaluation metrics.

Product Development, Investment, and Regulatory Affairs

Product Development, Investment and Regulatory Affairs is responsible for:

- The management of opportunities to grow current businesses and attract new tourism development and investment opportunities.
- The professional development of industry partners and operators through the provision and support of training initiatives to ensure the tourism industry on PEI is competitive in the global marketplace.
- All regulatory functions administered under the authority of the *Tourism Industry Act* and Regulations and the *Highway Signage Act* and Regulations.
- Ensuring that all tourism operators are in compliance with industry standards as prescribed by legislation and regulations.

- Overseeing the investigation of quality standard issues and maintain a close relationship with industry organizations involved with standards. The unit oversees the contract with Quality Tourism Services (QTS). On behalf of the Department, QTS is contracted to perform the inspections required for the licensing of tourist accommodations.
- This division also manages contracts with Golf PEI, and the Meetings and Conventions sector.

This unit is also responsible for the development and implementation of programs designed to support the expansion of the tourism industry through development of new and enhanced "product offerings" including, but not limited to key vertical markets such as golf, culinary and culture.

This division was responsible for the following funds in 2011-12:

- ***The Regional Foundation Fund***
- ***The Regional Product Development Fund***
- ***The Tourism Innovation Fund***
- ***The Acadian and Francophone Tourism Services Program***
- ***Fonds de services pour des produits touristique acadien et francophone.***
- ***The Festivals and Events Assistance Program***
- ***The Meetings and Conferences Hosting Grant Program***
- ***The Tourism Website French Translation Program***
- ***The Reunion Assistance Program***

In 2011-12 government invested in the Cavendish Beach Music Festival held July 7-10, 2011 featuring Brad Paisley and Toby Keith.

The other major investments were made in extending the fall season with the presentation of Hairspray at the Confederation Centre of the Arts, the Island wide Fall Flavours Culinary festival in September and the new Arts and Heritage Trail.

Industry Standards

The quality of Prince Edward Island's products and services is essential to the long-term health of the tourism industry.

The *Tourism Industry Act* sets out the operating standards for Prince Edward Island tourism accommodation establishments. On an annual basis, every accommodation establishment must pass inspection. They must also have their water tested quarterly, submit monthly occupancy reports, and pay their annual license fee, in order to ensure that the property is in full compliance with the licensing standards set out in the Act.

Tourism PEI contracts Quality Tourism Services (QTS) to inspect and provide water testing support to all accommodation properties. QTS has as strong working relationship with Tourism PEI, and they employ professionally trained inspectors who are knowledgeable in the requirements of the Act.

Tourism PEI's compliance section supports licensed industry operators by enforcing the Act and works to bring unlicensed operators into compliance. Tourism PEI works closely with industry partners such as the Tourism Industry Association of Prince Edward Island (TIAPEI), and Quality Tourism Services (QTS), to maintain the quality and standards that are critical to success. It is this team approach that ensures visitors enjoy the best possible vacation, based on quality services and memorable experiences.

Tourism PEI continues to strive toward increasing accessibility for the French-speaking public in order to comply with the *Canada-PEI Agreement on French Language Services*. Tourism PEI provides reception services in both official languages and several staff are fluent in French or are taking French language training. Once again, in 2011-2012 the *Genuine Island Experiences* packaging brochure was available in French. This joins the *Island Visitor's Guide* and a number of other publications which are translated into French as stand-alone pieces.

Visitor Information and Destination Centres provide services to the traveling public and are mandated to have bilingual staff available. The Centres have been in compliance for many years and continue to improve the level of service with each passing year. In all other venues of Tourism PEI's service to the public, every effort is made to ensure that there is service provided in French by front-line staff.

Under the terms of the *Canada-PEI Agreement on French Language Services*, the Association touristique Evangeline au service des Acadiens et Francophones de l'Ile-du-Prince-Edouard received funding for its operations. This association brings together Acadian and Francophone tourism operators from across the province to better promote the Acadian and Francophone tourism product and the association works to present a united voice to government.

Fall Flavours

In 2011 the Fall Flavours culinary festival occurred from Sept. 2 to Sept. 25 and featured over 150 different culinary experiences, including signature events, culinary events, tasting events, hands on experiences, farm to gate and dining events. Signature events featured Chef's from the FOOD NETWORK and highlighted food experiences across the Island. All Flavours provides unique local culinary experiences opportunity during Prince Edward Island's peak harvest season, which interests our target markets. Twenty-three restaurants participated in the Dining program, creating special menus featuring Island product.

Meetings and Conventions and Employee Convention Hosting Opportunities (ECHO)

In 2011-2012, the Meetings and Convention Sector attracted 179 meetings/conventions that drew 15,452 delegates and generated an off island spend of $14.4 million dollars. This sector alone provided over $14 million in new dollars to support the Island economy.

ECHO is a joint program with Tourism PEI, Tourism Charlottetown, and the PEI Meeting and Convention Partnership. The mandate of ECHO is to encourage provincial employees

to invite meetings to Prince Edward Island. ECHO also assists with the organization of these meetings by utilizing the many resources for support such as those available through the PEI Convention Partnership and Tourism PEI.

Marketing Communications

The overall mandate of the Marketing Communications Division is to promote Prince Edward Island as a premiere vacation destination in our target markets.

The division is responsible for the publication and distribution of provincial tourism literature, travel industry sales, publicity, advertising, and promotions.

Tourism PEI is a partner in the Atlantic Canada Tourism Partnership (ACTP) which merges two levels of government and the region's private industry. The partnership allows the province to reach strategic markets in the United States, Europe, and Japan.

The Atlantic Canada Opportunities Agency (ACOA) and Tourism Atlantic also provide funds for special marketing programs. In addition, Tourism PEI actively pursues partnership opportunities with the Canadian Tourism Commission (CTC) and others, in joint-venture initiatives.

The Marketing Communications Division also works closely with the Tourism Advisory Council (TAC). Marketing strategies and programs will continue to be reviewed by TAC. The Department of Tourism and Culture is represented on TAC by the Deputy Minister. The Director of Marketing Communications and the Director of Strategy, Evaluation and Industry Investment also attend TAC meetings. TAC provides sound advice to the Minister, and the Department on research, product development and marketing strategies.

Advertising and Publicity

A major change in the way we work with marketing agencies was made in 2011-2012. Tourism Prince Edward Island, as most jurisdictions in Canada, typically engaged a large Agency of Record to create and execute its marketing campaigns. In 2011-2012, a new agency model was developed to create a stronger team, while providing more flexibility. A request for proposal (rfp) was issued for an account management company. Individual rfps were then issued for sub-contracted services such as creative, media buying and public relations. This allowed the selection of the best in each field as opposed to relying on one company for all service. For Prince Edward Island, this new model proved to be much more effective than the large agency model.

The 2011-2012 marketing creative execution highlighted things that make Prince Edward Island unique. 'Only in PEI' was the theme for the year.

Similar to trends across the country, digital marketing played a more important role in Tourism PEI's campaign. Online advertising represented close to 50% of the media purchased in 2011-2012. In addition, a social media strategy was further developed. It placed a stronger emphasis on authenticity and relevant content delivery. As opposed to

having one individual updating social media sites, a team was formed consisting of one leader working with regional ambassadors and Island guides from the Visitor Information Centres. Revisions were made to our website and a new mobile app was built.

Our PR campaign provided a contest winner the opportunity to drive in a branded recreational vehicle to Prince Edward Island and participate in numerous authentic PEI experiences. Their trip was filmed and shared through social media sites.

A Royal visit helped make 2011-2012 a very special year for the Province of Prince Edward Island. It was especially beneficial from a tourism perspective because media from around the world were covering the visit of Prince William and Kate Middleton. The marketing division of Tourism PEI was heavily involved in the coordination of this visit. We capitalized on the media who came to broadcast it and reaped the benefit of the visitors who came to be a part of the visit.

Co-op advertising includes a matching of private and public sector funds for marketing purposes. In addition to purchasing listings and display space in Tourism PEI publications, co-op advertising takes place in the form of packages or special offers from local business, and may be placed in publications or on websites such as CAA/AAA, trip advisor, or regional newspapers. These advertising opportunities are sold to the PEI tourism industry by a local company sub-contracted by the account management agency.

The marketing division continues to promote the key demand generators identified in the TAC strategy: coastal, culinary, golf and culture. Advertising markets include Ontario, Quebec, New Brunswick, Nova Scotia as the primary markets. Secondary markets include New England, New York, UK and Japan.

Fulfillment

From April 1 2011 to April 1 2012 –

- A total of 66,952 Visitor Guides were mailed out, of which 11,823 were French guides.
- There were 1,859,025 visits to the website, with an average of 5.8 pages viewed per visit.
    - Visitors spent an average of 5.03 minutes on the site.
    - Over 62 per cent of visitors came through search engines, mostly through Google.
    - 12 per cent of visitors came directly to the website, likely as a result of seeing the URL advertised.
    - Visitors to the website were mostly Canadian, with 341,526 American visits, 33,487 Japanese visits, and 65,480 visits from Europe.

Trade and Sales

The Trade and Sales section is responsible for generating sales of Prince Edward Island's vacation products through trade and consumer channels.

Trade and Sales staff work with tour operators, motor-coach companies, cruise lines, auto clubs, and travel agents. Also, in conjunction with industry partners, Trade and Sales represents the province at marketplaces, sales missions, and consumer shows.

The section focuses primarily on North America, Japan, United Kingdom, and Germany.

During the 2011-2012 fiscal year, the Trade and Sales section participated in the following activities:

- National Tour Association (NTA)
- American Bus Association (ABA)
- Rendezvous Canada (RVC)
- World Travel Mart (WTM)
- ITB-Berlin

Trade and Sales Staff also participate in consumer travel shows in Montreal, Toronto, Ottawa, Quebec City, Boston, Foxboro, New York City and Halifax.

The Trade and Sales staff provide an ongoing connection between tourism operators on the Island and members of the travel trade that have clients visiting Prince Edward Island or are developing new initiatives to encourage and increase new visitors to Prince Edward Island.

In 2011-2012, 39 cruise ships arrived in Prince Edward Island carrying 62,935 passengers and 27,086 crew members. Through the Atlantic Canada Cruise Association, a number of joint marketing partnerships were undertaken.

Holland America continues to bring the most ships to the Charlottetown port. Other cruise lines such as Princess Cruises and Celebrity Cruises are consistent visitors. Oceana Cruises, Regent Seven Seas and Silverseas also made visits in 2011.

Digital Marketing

Late in the 2011-2012 fiscal, a reorganization of the division took place. The former division of Consumer Sales and Customer Relations Management (CRM) was merged into the Marketing division. It was recognized that the work of the Sales and CRM division was intricately linked to the marketing function.

This section of the Marketing Communications division is responsible for the online marketing programs and tools that drive web, mobile and social media usage, email response rates, sales conversion and enhanced consumer experience while driving increased engagement. Digital marketing section also ensures a seamless process in executing effective customer relations management as part of the overall Tourism PEI marketing strategy. It is also the lead for the operation of the Integrated Tourism Solution (ITS) technology, including the central reservation system, Book PEI.

Visitor Information Centres (VIC)

The province operated five Visitor Information Centres at the following locations: Borden-Carleton, Wood Islands, Souris, West Prince, and the Charlottetown Airport. Borden-Carleton provided services to the travelling public throughout the entire year.

The Charlottetown, Cavendish, St. Peters and Summerside VICs operated as Destination Centres in partnership with the Province through the Destination Centre Agreement with their respective regional tourism associations.

Corporate Services

The Corporate Services Division of the Department of Tourism is responsible for general administration, financial services, human resources, records management, insurance matters, FOIPP, Provincial Parks and Provincial Golf Operations.

Provincial Parks and Confederation Trail

In 2011-2012, the PEI Provincial Park system of campgrounds and day-use areas experienced a reduction in visitation. Campground visitations totaled 33,345 sites sold, representing a %12 decrease from the previous season. Weather was the major reason for the down-turn in visitation as unseasonably cold temperatures and higher than normal rain fall took its toll on visitation numbers throughout the summer season. Although sites sold did not meet those of the 2010 summer, visitations remain divided evenly between Islanders and our off-Island guests. As has traditionally been the case, the primary off-Island markets are Atlantic Canada, Ontario and Quebec.

The Government of Prince Edward Island continues to recognize the importance of a strong network of Provincial Parks to Islanders and visitors alike. In 2011-2012, various capital projects were undertaken to upgrade and enhance the parks system. Of note, was the completion of a major upgrade of the electrical distribution network at Cabot Beach Provincial Park, repairs to the dumping station at Cedar Dunes Provincial Park, interior road upgrades at Linkletter Provincial Park, interior road upgrades to Lord Selkirk Provincial Park and washroom upgrades to Day Parks at Chelton Beach and Basin Head. Additionally, various capital improvement projects were conducted throughout the Day Use Park network which included water distribution upgrades, road work, comfort station improvements and sewer upgrades.

Provincial Parks continues to coordinate and deliver a variety of summer programs to park visitors including children's activities, nature and outdoor interpretative activities, sport activities and family activities. These programs are well received by visitors and greatly enhance their camping experience. Parks were also pleased to provide lifeguard services on 8 provincial park beaches across the province in 2011-2012. This very important service allows Islanders and visitors alike the opportunity to safely enjoy our beautiful Provincial Park beaches. Parks also enjoyed another busy summer at the Mill River Fun Park and swimming pool located at Brudenell Provincial Park

As Managers of Confederation Trail, PEI Provincials Parks recognizes the importance of this unique product to not only the Provincial Tourism Industry, but also the health and well being of Islanders. Over the years, Confederation Trail has developed into a first class trail experience. Thanks to the ongoing support of Department of Transportation and Infrastructure Renewal, Confederation Trail benefits from an outstanding maintenance program which is the envy of trail systems across Canada. Again in 2011-2012, Provincial Parks funded the Confederation Trail Officers Program which was delivered by Island Trails. Finally, PEI Provincial Parks was pleased to join the new Atlantic Canada Trails Association (ACT). ACT, a government/industry partnership featuring the four Atlantic Canada Provincial Governments, the four Trail Associations, Atlantic Canada Opportunities Agency (ACOA) and Trans Canada Trail (TCT), was created with a mandate to define, develop, evaluate and identify potential destination trails across the region. Provincial Parks looks forward to working with ACT and having Confederation Trail evaluate as a potential destination trail.

Brookvale Provincial Winter Activity Park had an exceptional winter in 2012 due primarily to the unveiling of a new carpet lift. The new lift, the biggest single initiative since the introduction of the quad chair lift, replaced the old rope tow and t-bar and was a huge hit among Park users. The carpet lift allows first-time and beginner level skiers and snowboarders easier access to the training hill and a much more enjoyable ski experience. Brown's Volkswagen Snow School students, parents and instructors were very impressed with the new lift and the hill received outstanding feedback from all user groups. Alpine and Nordic use at Brookvale remains strong as does the winter programming at Mill River Provincial Park.

Provincial Golf Courses

During the 2011 season there were 37,240 non member rounds played at the four Provincial courses, which was 760 rounds fewer than in 2010. The 2011 season had 71 days of measured rain in our 158 day season.

In 2011 our standard and packaged rates did not change from the 2010 season. Our peak season and off seasons dates did change, extending our peak season by two weeks. Off season went from opening to July 10 and then Sept 19 to closing with peak season between these two dates. The twilight time in the off season changed from 4:00 to 3:00 at all the courses.

Adult membership rates did increase in 2011 by roughly 2% across all categories with the exception of junior and introductory. Our total number of members was 618 with the breakdown being; 317 full members, 54 senior members, 45 student members, 59 weekday members, 53 Introductory members, and 90 Junior members. This total was down 17 members from the 2010 season.

The Links at Crowbush Cove

- Opened for the season on May 20.
- A new canteen was built to better serve our guests. The new canteen is attached to the clubhouse under the restaurant/bar deck. Its' central location allows golfers to access the canteen from holes, 6, 9, and 15 versus the old canteen that only serviced golfers on 10 tee.
- New stairs were built on hole 11 to replace the original railway tie stairs.

Mill River

- Opened for the season on May 13.
- 65 new Club Car golf carts were purchased in the spring. All carts are equipped with rain hoods, divot mix buckets, and coolers.
- The trencher, a tractor, Tycrop, and one operator from Brudenell/Dundarave was sent to Mill River to install fairway drainage on hole number 7. There is a significant difference in the fairway condition now during wet periods.
- The fairway bunkers on number 1 fairway were renovated by raising the back and adding a mound so they are more visible from the tee.
- A new culvert was placed in one of the ponds on number 7 to fix a leak that had the pond draining.
- A new walking greens mower and two utility carts were purchased. This greens mower now allows the maintenance staff to walk cut the greens 5 days a week enhancing the putting surface. The two new utility carts replace two older carts.

Brudenell/Dundarave/Divine 9

- Brudenell opened for the season May 13, Dundarave on May 20, and the Divine 9 June 1
- Anne Chouinard was the successful applicant for the position of Golf Shop Supervisor.
- 65 used carts from Mill River were moved to Brudenell. The Brudenell carts were traded against the purchase of the new Mill River carts.
- Three utility carts were purchased to replace older units.

Human Resources

The Human Resource section is responsible for providing leadership to the management team in all human resources areas including labor relations, classifications, performance management, recruitment, and training.

Permanent Positions

	Full-time	Part-time	Total
Corporate Management	4	0	4
Corporate Services (Finance & Administration)	11	0	11
Brookvale	0	4	4
Provincial Golf Courses	7	63	70
Provincial Parks	5	8	13
CRM/Sales	2	4	6
Marketing	16	0	16
Strategy, Evaluation & Industry Investment	10	0	10
Public Library Service	30	30	60
Museum & Heritage Foundation	12	5	17
Culture/Provincial Archives	12	0	12
Total Permanent Postions	**109**	**114**	**223**

Student, Casual and Temporary Positions

	Total
Corporate Services (Finance & Administration)	3
Brookvale	52
Provincial Golf Courses	85
Provincial Parks	212
CRM/Sales	39
Marketing	3
Stragegy, Evaluation & Industry Investment	3
Provincial Library Service	1
Culture/Provincial Archives	1
Museum and Heritage Foundation	49
Total Student and Casual Positions	**448**

Intern Positions

	Total
Corporate Services (Finance & Administration)	1
Culture/Provincial Archives	1
Total Intern Positions	**2**

Financial Services and Office Administration

Financial Services is responsible for budgeting, forecasting, regular expenditure monitoring, and the day to day fiscal management of the Ministry.

Financial Services also manages invoicing, receivables, collections, payables, banking, taxes, procurement, and external audits.

Additional responsibilities include records management, *Freedom of Information and Protection of Privacy Act* compliance, contracts, insurance coordination, telecommunications, fleet management, and office administration.

Departmental Division Activities

General Administration

General administration consists of the Office of the Minister and Deputy Minister providing leadership, overall management, administration, and communication for the department. During the 11-12 fiscal a new Minister and Deputy Minister were appointed to the Department. Robert Henderson was appointed Minister on October 18, 2011 and David MacKenzie was appointed Deputy Minister on November 15, 2011.

Culture and Heritage

The Culture and Heritage division is responsible for managing an operating the Public Archives and Records Office as well as programs and services relating to culture, arts and heritage. The following legislation is the responsibility of the division:

- *Archives and Records Act*
- *Fathers of Confederation Buildings Act*
- *Heritage Places Protection Act*
- *Lucy Maud Montgomery Foundation Act*
- *Museum Act*

Pursuant to legislation the following bodies and organizations provide a separate annual report to the Legislative Assembly and are not included in this report:

- Confederation Centre of the Arts
- Lucy Maud Montgomery Foundation
- PEI Museum and Heritage Foundation

Culture

The Culture and Heritage section focuses on the promotion of the arts and the cultural industries. Programs include the Community Cultural Partnership Program (CCPP), the Programme de partenariat culturel communautaire (PPCC) and providing support to a number of organizations and cultural venues including the Prince Edward Island Council of the Arts, regional arts councils, the Community Museums Association of Prince Edward Island, six school/communities centres, and other cultural entities.

Culture Program Highlights

- The Community Cultural Partnership Program provides support to not-for-profit community-based organizations for cultural and heritage activities supported 27 projects in the Anglophone program and 18 projects in the Francophone program.
- In 2011-2012 the Division of Culture, Heritage and Libraries supported the second annual Culture Days initiative. This event highlights the contribution that culture makes to our community. The event celebrated all aspects of culture. Culture Days 2011 was organized by the Cultural Sector Council with financial assistance from the Division of Culture, Heritage and Libraries.
- The PEI Council of the Arts supported 47 artists through their various programs administered by the Council on behalf of the Department of Tourism and Culture. The Council in partnership with the City of Charlottetown's Cultural Capital initiative helped deliver nine new public art installations. In partnership with the City of Summerside, the Council established an artist in residence (PACE) program which saw three artists take part in 2011-2012.
- Six projects received funding through the *Programme de coopération et d'échanges entre le Québec et l'Île-du-Prince-Édouard.*
- Four regional arts councils across Prince Edward Island were supported with operational funds and community arts grants.
- Under the Canada/PEI Agreement on the French Language Services, funding was provided to six school/community centres in Charlottetown, Evangeline, Summerside, Rustico, Souris and DeBlois.
- Funding was provided to the Atlantic Presenters Association to assist in the hosting of a Best Practice Workshop for the cultural sector.
- Assistance and funding and was provided to the Prince Edward Island Seniors Citizens' Federation to continue the successful LEAP Program.
- Music PEI held its annual award ceremony at the Confederation Centre of the Arts in January 2012, during Music PEI Week. Ten venues across the island were highlighted and the week cumulated with a televised Awards gala hosted by Jonathan Torrens. Music PEI funded 32 different projects supported by a financial investment from the Department of Tourism and Culture.

- The 2011-2012 year marked the seventh year for the ArtsSmarts PEI program, with funding contributions from both the Department of Tourism and Culture and the Department of Education and Early Childhood Development. In the fiscal year, funding was provided to nine projects throughout Prince Edward Island with 679 students, 11 artists and 30 teachers participating in the program.

Public Archives and Records Office (PARO)

The Public Archives and Records Office (PARO) operates under the authority of the *Archives and Records Act* (SPEI 2001, cap.28). It is comprised of the Public Archives unit and the Recorded Information Management (RIM) unit. The Public Archives unit fulfills the first part of the legislated mandate which is to acquire, preserve, and make available for public research the records of the government of this province as well as private-sector papers and records deemed to be of lasting historical value. The RIM unit is responsible for the development of policies, standards, procedures and services for effective recorded information management throughout government.

Public Archives Program

Public Service

The fiscal year 2011-2012 saw the number of onsite visitors increased slightly to 3707. The demographic breakdown of our researchers also remained essentially the same with 90 % of research visits by Canadians (more than 89.4 % of whom were from PEI), Americans at 9.5 %, with the remaining .5 % by residents of countries such as the United Kingdom, Finland, and Australia. Attendance again remained fairly constant throughout the year.

The number of inquiries received by the Public Archives dropped slightly in 2011-2012 to 926, a decrease of 7.5%. The vast majority of these inquiries continue to come in through email. The public demand for digital images continues to dominate photo requests at 82.6 % of all orders. In addition to providing patrons with already scanned images, PARO created 171 new digital images during 2011-2012. Photocopies and microfilm prints made at the request of patrons decreased by 2.9 % to 13,065 in 2011-2012.

The 2011-2012 fiscal year marked the second full year for PARO's new website which was launched in March 2010. With over 1,039,560 page views during the year, the statistics continue to indicate that our patrons look to the Internet as a means to accessing archival material. To satisfy this demand, PARO continued its efforts, in partnership with UPEI's Robertson Library, the Office of the Clerk of the Legislative Assembly, and the Provincial Library Services, to undertake the digitization of the records of the Legislative Assembly. Work continues on the Journals of the House dating back to 1893. Also, in honour of the July visit to Prince Edward Island of their Royal Highnesses The Duke and Duchess of Cambridge, PARO collaborated with Communications PEI to create an online Historical PEI Royal Visits Photo Gallery highlighting images from PARO's holdings.

Provincial Archives and Records Office — Activities 2011-2012

Activity	Frequency
Research visits	3,707
Inquiries - includes email, mail, phone, fax, and requests from Vital Statistics Services	926
Photos reproduced, including digital scans	385
Pages of documents copied for researchers	12,877
Web page views	1,039,560

Holdings Management

Additions to the holdings of private donations decreased in number but increased in physical volume during 2011-2012, with the acquisition of 29 new collections as well as 25 additions to existing collections. PARO also received 1 new collection and 9 additions to government record groups.

Preservation

PARO continues to rely on the services of the Archives and Preservation Advisor (APA), an employee of the Archives Council of Prince Edward Island. The APA continues to assist PARO staff in the ongoing revision of PARO's Disaster Preparedness Plan. The APA continued to help PARO with the reorganization of collections storage to provide optimal storage conditions, creating customized enclosures for archival documents, and rehousing 1,120 archival items including photographs, Vital Statics records, and microfilm. The APA also completed conservation treatment on 21 PARO objects.

Outreach

Outreach activities included providing approximately 4 tours of the Public Archives for such groups as a class from a local high school, a community history project, and the Senior's College genealogy class with 54 attendees in total. Public lectures and presentations provided by PARO staff throughout the year included: presentations at 4 Seniors Active Living Centres throughout the Island; a lecture on business records for the Charlottetown PROBUS Club; a presentation to the UPEI Public History class; and in partnership with the University Archivist, a hands-on archival workshop for UPEI History students. Staff continued to serve on the executive of the Archives Council of PEI, respond to inquiries from the PEI archival community, and participate in the judging of Heritage Fair submissions. As in previous years, PARO continued to provide support and training for an UPEI Public History Student who assisted in the arranging and describing archival records.

Recorded Information Management (RIM) Program

Records Retention & Disposition Schedules

The major focus of the RIM program is the development of records retention and disposition schedules which are the primary tools used in identifying and defining government records and in determining how long each type of record must be retained to meet administrative, fiscal and legal requirements. Under the guidance of PARO staff, these schedules are created by the individual departments and approved by the Public Records Committee, the structure and authority of which are defined by the *Archives and Records Act*. The Public Records Committee met once during the year and approved 33 schedules for seven departments.

Training

The success of the RIM program depends on the ability of Provincial government staff to understand the importance of and implement the approved retention and disposition schedules as well as departmental file classification systems. To that end, PARO staff provide training and support to both regular government employees and departmental Records Management Liaison Officers (RMLOs), individuals assigned by each department to act as liaison with PARO staff in order to communicate policy, procedures and standards for RIM throughout government. Thirty-eight participants attended the 3-day RIM Training course which was offered in April and November 2011. Also, two RIM basics training presentations were given at the "Orientation to Government" sessions held in September and October 2011. The RMLO Network Group, which was created to bring together the RMLOs to share their experiences and knowledge, and to work to resolve problems, met in October 2011.

Provincial Records Centre

The Provincial Records Centre provides free and secure off-site records storage and retrieval services to all government departments and agencies. This service allows departments to free up valuable office space by moving inactive records to an offsite storage facility while still maintaining ownership and management of the records. The Records Centre holds the records until their retention time is complete and then disposes of the records according to their legally approved disposition (destruction or transferral to the care and control of the Public Archives). On 28 March 2011, the Provincial Records Centre reached capacity and was closed to incoming shipments. PARO staff continued to work with the Department of Transportation & Infrastructure Renewal to find resources to expand and renovate the Records Centre.

Provincial Records Centre Statistics, in linear feet – 2007-2008 to 2011-2012

Activity	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Records destroyed with authority by departments	3,887	3,625	3,956	3,779	3,467
File/box retrievals	1,274	1,331	1,143	1,110	1,171
Files refilled	1,129	1,024	1,010	875	682
Volume in storage	16,879	14,717	12,582	8,699	9,011
Incoming government records	819	2,595	2,483	4,448	378
Records destroyed	(631)	(320)	(333)	(559)	(685)
Records archived	0	(113)	(15)	0	0
Records returned to departments	(54)	(21)	(35)	(6)	(5)
Total volume records	17,013	16,879	14,717	12,582	8,699

Tobacco Litigation - Legal Hold

PARO staff continue to work with staff of the Department of Environment, Labour and Justice to develop a strategy to pursue litigation under the *Tobacco Damages and Health Care Costs Recovery Act*. In September 2011, Policy Board approved the action to proceed and approval was also given to retain the services of the of the New Brunswick Consortium Legal Review Team. In October, a Legal Hold was placed on all affected government bodies. The litigation process will be deployed through a 5 year plan. Although the legal hold goes into effect immediately - the search for records will not begin until 2013. Staff and resources for the PEI Tobacco team will be phased in over the next 5 years.

Although a mechanism has been put in place to legally destroy records not related to the Tobacco Litigation, there has been a reduction of the numbers of boxes destroyed. As a result, the Records Centre has remained closed since March 2011. Funds have been secured in the Capital Budget for 2012-2013 to expand the existing Records Centre.

Business Continuity Management

PARO staff members have continued to play a role on the Business Continuity Management (BCM) Corporate Planning Committee and have now joined the departmental team for Tourism and Culture. As part of the latter, PARO staff have completed assessments of both the Public Archives and the Provincial Records Centre. It is expected that the BCM process will continue into 2012-2013.

Provincial Libraries – The Public Library Service (PLS)

The provincial government, through the PLS, provides direct delivery of public library service, materials and library staff, and is responsible for administration, strategic planning, management, automation, collections development, and technical services as well as the administration of the *Public Libraries Act*. Communities have the responsibility of providing and maintaining library facilities and providing library equipment and furnishings.

The Public Library Service has 26 libraries including three school-housed public libraries and three French language branches. Confederation Centre Public Library in Charlottetown serves as the central library for the province. The Government Services Library, located in Charlottetown, a government publications repository, is also a branch of the Public Library Service. Library Administration and Technical Services are at Provincial Headquarters in Morell.

Public Library Service headquarters located in Morell provides administration and technical services. This office manages the ordering, processing and cataloguing and distribution of materials for the public libraries and offers similar services to public schools in the province.

Services to the public are delivered through various locations. In Charlottetown, the Confederation Centre Public Library provides public services to the city and also serves as a central library resource for the province. Also in Charlottetown is the Government Services Library, a central government documents facility.

Public libraries are located in communities across Prince Edward Island: Alberton, Tignish, O'Leary, Tyne Valley, Abrams Village, Summerside, Kensington, Borden-Carleton, Kinkora, Crapaud, Breadalbane, Hunter River, Cornwall, Charlottetown, Stratford, Mount Stewart, Morell, St. Peter's Bay, Souris, Montague, Georgetown, Murray Harbour, and Murray River.

The Public Library Service offers resources in French in a number of locations. The school-housed public libraries at Abrams Village, the J. Henri Blanchard Library at the Centre Belle Alliance in Summerside and the Carrefour de l'Isle-Saint-Jean are French language libraries. French materials are also found at a number of other libraries in communities with French-speaking residents or French Immersion school programs.

Libraries provided community programs in both English and French to encourage family literacy, including baby lapsit, storytimes, author tours, family literacy day, summer reading club, puppet shows, and Canadian Children's Book Week.

Friends of the Library groups are active in many libraries of the Public Library Service. Friends are non-profit groups of community volunteers who value, support and champion the local public library. The Friends support library services and programs by raising funds and awareness of the library in local communities.

Serving Islanders

Membership Growth

- 4,534 new library cards issued

Collections

- 21,920 new materials added to the library
- 823,591 library items borrowed
- 15,838 items borrowed each week, 2,256 items borrowed every day and 94 items borrowed each hour across public libraries on PEI

Digital Library

- Social Butterflies
- The PLS is dedicated to sharing information and communicating with Islanders through social media. We have expanded our digital presence to include Facebook, Twitter, Pinterest and Good Reads accounts.

E-Resources

- Due to the demand by Islanders for electronic resources, the PLS launched OverDrive – an online, public library platform for lending eBooks, eAudiobooks and other digital material.
- 3,058 eBooks and eAudiobooks available to download
- 16,093 eBooks and eAudiobooks downloaded by the public
- Addition of new Tumblebooks services (eBooks for children)

Information Portal

- Available in French and English the PLS' website, www.library.pe.ca, continues to be a popular resource for Islanders to discover the most up-to-date information on library services, programming and new materials across PEI.
- 206,164 visits to the PLS' website

Technology for All

- The PLS is committed to providing all Islanders with access to public computers and the Internet. Public computers are found in all of the PLS' 26 locations and each library offers access to WiFi.
- 59,960 public computer sessions

Bold New Spaces

- The Rotary Club of Charlottetown Royalty pledges $20,000 over 4 years for the creation of a teen space in the Confederation Centre Public Library. The money will cover the cost of furnishings and equipment.
- Facility upgrades at the public libraries in Hunter River and Kensington.

Programs for Everyone

- Libraries host entertaining and enriching programs including book clubs, baby lapsit, story time, health and wellness seminars, Island history, crafts, gardening and much, much more. In 2011-2012, 5000 programs were offered in libraries across the province were enjoyed by over 46,000 people.
- Celebrated a community reading together with the 2nd annual One Book One Island. This Island-wide literacy initiative encourages all Islanders to read together. This year's title was the graphic novel Burma Chronicles by Guy Delisle.

Literacy Focused

- English as an Additional Language for Newcomers
  - 115 tutors
  - 110 participants
- Summer Tutoring
  - 23 tutors
  - 2800 tutoring sessions
- TD Summer Reading Program
  - 1413 children registered
  - 608 programs
  - 5450 program participants (children and caregivers)

Community Connections

Home Library Service

- Pilot project launched at 8 public libraries within the PLS. This outreach service aims to deliver library materials to Islanders who cannot visit the library due to a visual disability, illness or mobility issue. The program was initiated with the support of the PEI Seniors' Secretariat and operates through a partnership between the library and local community volunteers.

Rotary Club of Charlottetown Royalty

- The Rotary Club of Charlottetown Royalty pledges to invest $5,000 annually over the next four years to purchase new library materials, including books, music, and films for teens. These materials will be available to all Islanders.

"Mieux informé sur la santé en français"

- A partnership with Health Canada and Société Saint-Thomas-d'Aquin, sponsored two conferences for the French-speaking population and acquired significant collection of French language health resources.

Empowering our Children through Literacy

- New partnership with First Nations communities including a 6-week after school pilot program called "Empowering our Children through Literacy" with Mi'kmaq Family PRIDE.

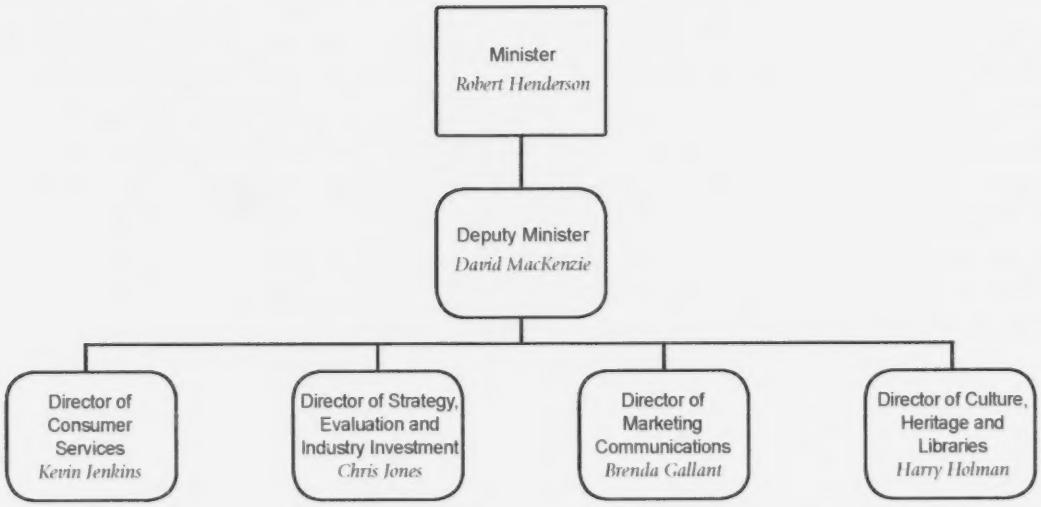
Excellence in Service

- Library Skills Development Certificate training program offered a 3rd year of courses to public library staff. This PLS-designed staff training program provides training by expert facilitators on various areas of library service. This year, two sessions were offered – "Community Engagement" and "Services for Seniors".

Appendix A

Departmental Organization Chart

Departmental Organization Chart, As of March 31, 2012



Appendix B

Legislative Responsibilities, Boards, And Commissions

Acts

Archives and Records Act

Fathers of Confederation Buildings Act

Heritage Places Protection Act

Highway Signage Act

Lucy Maud Montgomery Foundation Act

Museum Act

National Park Act

Public Libraries Act

Recreation Development Act

Tourism Industry Act

Tourism PEI Act

Trails Act

Boards/Commissions/Agencies

Tourism Advisory Council

Tourism PEI Board

Tourism Arbitration Board

Prince Edward Island Liquor Control Commission

Prince Edward Island Museum and Heritage Foundation

Appendix C

Financial Statements

Tourism PEI

Financial Statements
March 31, 2012

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

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June 20, 2012

Independent Auditor's Report

To the Minister of Tourism

We have audited the accompanying financial statements of **Tourism PEI**, which comprise the balance sheet as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statement of operations, changes in net debt and cash flows for the years ended March 31, 2012 and March 31, 2011 , and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Tourism PEI** as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

ArsenaultBestCameronEllis

Chartered Accountants

Tourism PEI

Statement of Financial Position

As at March 31, 2012

	March 31, 2012 $	March 31, 2011 $	April 1, 2010 $
Assets			
Financial assets			
Cash	102,288	79,151	1,125,714
Accounts receivable (notes 4 and 5)	1,225,358	1,144,654	1,979,336
Due from Province of Prince Edward Island (note 3)	-	487,991	-
	1,327,646	1,711,796	3,105,050
Liabilities			
Accounts payable and accrued liabilities (note 5)	1,394,390	1,882,436	2,855,272
Due to the Province of Prince Edward Island (note 3)	58,698	-	366,627
	1,453,088	1,882,436	3,221,899
Net debt	(125,442)	(170,640)	(116,849)
Non-financial assets			
Tangible capital assets (note 1)	1	1	1
Inventory	93,861	122,124	104,336
Prepaid expenses	31,580	48,515	12,512
	125,442	170,640	116,849
Accumulated surplus	-	-	-

Approved by the Corporation

_____ Minister

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

Tourism PEI

Statement of Operations

For the year ended March 31, 2012

	2012 Budget (unaudited) $	2012 Actual $	2011 Actual $
Revenue			
Grants from Province of Prince Edward Island	15,866,900	17,456,822	17,223,792
Marketing	1,167,000	1,082,181	1,122,844
Visitor Services	115,000	100,450	151,532
Brookvale Ski Park	340,000	360,128	423,563
Park Operations	1,075,000	995,636	1,088,238
Golf Operations	5,045,400	4,013,563	4,162,851
Book PEI	40,000	38,447	41,150
	23,649,300	24,047,227	24,213,970
Expenses (Schedule)			
Finance and Administration	971,200	938,729	847,201
Parks Administration	403,200	393,472	397,661
Park Operations	3,023,700	3,171,522	2,952,786
Brookvale	686,400	693,973	693,694
Golf Operations	5,084,400	5,075,974	4,971,586
Strategy and Evaluation	779,300	760,871	709,547
Industry Investment	2,782,800	3,061,560	3,135,439
Regulation and Compliance	213,800	199,419	221,356
French Services	253,900	254,026	254,983
Business Development	878,900	857,060	1,110,819
Visitor Services	718,600	735,294	728,333
Marketing	5,588,900	5,800,783	5,820,649
Media Relations/Editorial	364,000	378,525	303,575
Fulfillment	776,000	553,189	918,732
Publications	666,400	560,062	703,962
Travel/Trade Sales	457,800	412,768	418,647
Provision for bad debts	-	200,000	25,000
	23,649,300	24,047,227	24,213,970
Operating surplus	-	-	-

Tourism PEI

Statement of Changes in Net Debt

For the year ended March 31, 2012

	2012 $	2011 $
Operating surplus	-	-
Acquisition of inventory	(93,861)	(122,124)
Acquisition of prepaid expenses	(31,580)	(48,515)
Consumption of inventory	122,124	104,336
Used of prepaid expenses	48,515	12,512
	45,198	(53,791)
Decrease (increase) in net debt	45,198	(53,791)
Net debt - Beginning of year	(170,640)	(116,849)
Net debt - End of year	(125,442)	(170,640)

Tourism PEI

Statement of Cash Flows

For the year ended March 31, 2012

	2012 $	2011 $
Cash provided by (used in)		
Operating activities		
Operating surplus	-	-
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(80,704)	834,682
Decrease (increase) in due from the Province of Prince Edward Island	487,991	(487,991)
Decrease (increase) in inventory	28,262	(17,788)
Decrease (increase) in prepaid expenses	16,935	(36,003)
Decrease in accounts payable and accrued liabilities	(488,045)	(972,836)
Increase (decrease) in due to the Province of Prince Edward Island	58,698	(366,627)
	23,137	(1,046,563)
Net change in cash	23,137	(1,046,563)
Cash - Beginning of year	79,151	1,125,714
Cash - End of year	102,288	79,151

Tourism PEI became a Crown corporation effective March 31, 1999 under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

1 Summary of significant accounting policies

The financial statements of the corporation have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The following is a summary of significant accounting policies used in the preparation of these statements.

Due from (to) the Province of Prince Edward Island

Current operations:

Excess revenue (expenses) for the year for Tourism PEI is recorded as a reduction (increase) in Grants from Province of Prince Edward Island and as an amount due to (from) the Province of Prince Edward Island.

Tangible capital assets

Real property transferred to the corporation at no cost is recorded at a nominal value of $1.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Revenue recognition and government assistance

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from marketing activities is recorded when billed and revenue from park operations, services and fees is recorded when earned as services are provided.

Revenue from green fees, golf shop, rentals and concessions is recognized when goods or services are delivered to the customer and ultimate collection is reasonably assured. Revenue from memberships is recognized in the period earned.

Other revenue items are recognized when goods or services are delivered to the customer and ultimate collection is reasonably assured.

Marketing expenses

Expenses are recorded in the period in which the related goods and services are consumed except for certain marketing related expenditures that are recorded in the period the goods and services are acquired and a liability incurred and program grant expenditures that are recorded in the period in which the funds are approved for disbursement and a corresponding liability incurred.

Vacation pay and pension liabilities

The staff of Tourism PEI are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation as at March 31, 2012.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable. Actual amounts could differ.

Financial risk management objectives and policies

Tourism PEI's risk management policies are part of the overall management of the corporation's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As part of the overall management of the corporation's operations management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage Tourism PEI's exposure.

2 First-time adoption of Accounting Standards for Public Sector Accounting Standards

Effective April 1, 2011, the Corporation, in accordance with Canadian GAAP and the related requirements of the CICA handbook, adopted the Public Sector Accounting Standards. These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the summary of significant accounting policies note have been applied in preparing the financial statements for the period ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening public sector accounting standards statement of financial position at April 1, 2010, which is the Corporation's date of transition.

The Corporation issued financial statements for the year ended March 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting. The adoption of Public Sector Accounting Standards has no impact on the previously reported assets, liabilities and accumulated surplus of the Corporation and, accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations, change in net debt and the cash flow statement. Certain of the Corporation's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of Public Sector Accounting Standards.

3 Due from (to) the Province of Prince Edward Island

	March 31, 2012 $	March 31, 2011 $	April 1, 2010 $
Current operations			
Excess expenditures (revenue) for the year - Tourism PEI	(58,698)	487,991	(366,627)

4 Accounts receivable

	March 31, 2012 $	March 31, 2011 $	April 1, 2010 $
Accounts receivable	1,460,358	1,179,654	1,989,336
Less: allowance for doubtful accounts	(235,000)	(35,000)	(10,000)
	1,225,358	1,144,654	1,979,336

5 Related party transactions

During the year, the corporation utilized office premises from a Department of the Province of Prince Edward Island for nil consideration.

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI pays nil consideration for utilizing these facilities.

The corporation utilizes the provincial golf courses from the Province of Prince Edward Island for nil consideration.

Included in accounts receivable is $12,000 (2011 - $70,507) due from departments of the Province of Prince Edward Island and nil (2011 - $25,282) due from provincial Crown corporations. Included in accounts payable and accrued liabilities is an amount of nil (2011 - $1,482) due to departments of the Province of Prince Edward Island, $259 (2011 - $2,108) due to a provincial Crown corporation, and $2,182 (2011 - $32,978) due to a subsidiary of a Crown corporation.

6 Commitments

The minimum annual lease payment required under operating leases for base rentals including premises in Mill River expiring in August 2075 is $1.

In addition to the base lease premises rental, there is a requirement to pay the corporation's pro rata share, based on rental space, of the operating costs, including property taxes, of the premises.

Tourism PEI

Consolidated Schedule of Expenses by Type

For the year ended March 31, 2012 **Schedule**

	Salaries and benefits $	Operating Goods and Services $	2012 Total $
Finance and Administration	760,809	177,920	938,729
Parks Administration	293,512	99,960	393,472
Park Operations	2,300,722	870,800	3,171,522
Brookvale	484,641	209,332	693,973
Golf Operations	2,995,200	2,080,774	5,075,974
Strategy and Evaluation	338,253	422,618	760,871
Industry Investment	276,218	2,785,342	3,061,560
Regulation and Compliance	78,436	120,983	199,419
French Services	-	254,026	254,026
Business Development	127,926	729,134	857,060
Visitor Services	634,083	101,211	735,294
Marketing	282,295	5,518,488	5,800,783
Media Relations/Editorial	225,665	152,860	378,525
Fulfillment	105,319	447,870	553,189
Publications	184,421	375,641	560,062
Travel/Trade Sales	144,630	268,138	412,768
Provision for bad debts	-	200,000	200,000
	9,232,130	14,815,097	24,047,227

	Salaries and benefits $	Operating Goods and Services $	2011 Total $
Finance and Administration	724,204	122,997	847,201
Parks Administration	298,193	99,468	397,661
Park Operations	2,082,890	869,896	2,952,786
Brookvale	447,086	246,608	693,694
Golf Operations	2,842,189	2,129,397	4,971,586
Strategy and Evaluation	309,373	400,174	709,547
Industry Investment	265,780	2,869,659	3,135,439
Regulation and Compliance	88,855	132,501	221,356
French Services	-	254,983	254,983
Business Development	168,848	941,971	1,110,819
Visitor Services	611,693	116,640	728,333
Marketing	310,190	5,510,459	5,820,649
Media Relations/Editorial	192,624	110,951	303,575
Fulfillment	97,295	821,437	918,732
Publications	133,535	570,427	703,962
Travel/Trade Sales	141,569	277,078	418,647
Provision for bad debts	-	25,000	25,000
	8,714,324	15,499,646	24,213,970

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